

Senate Bill No. 757

Passed the Senate August 30, 2006

Secretary of the Senate

Passed the Assembly August 24, 2006

Chief Clerk of the Assembly

This bill was received by the Governor this _____ day
of _____, 2006, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

An act to add Chapter 4.7 (commencing with Section 25370) to Division 15 of the Public Resources Code, relating to energy resources.

LEGISLATIVE COUNSEL'S DIGEST

SB 757, Kehoe. Oil Conservation, Efficiency, and Alternative Fuels Act.

Existing law requires the State Energy Resources Conservation and Development Commission to implement and administer various energy generation and conservation programs.

This bill would enact the Oil Conservation, Efficiency, and Alternative Fuels Act, which would declare that it is the policy of the state that state agencies shall take all cost effective and technologically feasible actions needed to reduce the growth of petroleum consumption, and increase transportation energy conservation, efficiency, and the use of alternative fuels. The act would require state agencies to take the state's transportation energy goals into account in adopting rules and regulations, including the findings and recommendations of the commission in the Integrated Energy Policy Report.

The bill would require, no later than January 1, 2008, and every 3rd year thereafter, the California Environmental Protection Agency (Cal-EPA), with the assistance and consultation of the State Air Resources Board, the commission, and the South Coast Air Quality Management District to submit to the Legislature an assessment of the transportation energy conservation, efficiency, and any alternative fuel policies adopted pursuant to the aforementioned provisions.

The bill would require the State Air Resources Board, in adopting or amending rules and regulations to reduce air pollution and toxic air contaminants from motor vehicle fuels, consistent with the above-described policy declaration, to develop requirements, incentives, and partnerships for publicly administered fleets to purchase and install alternative fuel vehicles and advanced transportation technologies, taking into

account life cycle operating costs, public health, and environmental and energy benefits.

The bill would require the commission to expand the scope of its oil industry price and supply reporting, monitoring, and analysis to include trends in world oil demand growth, including known and proven oil reserves. The bill would require the commission to refer to the Attorney General information which the commission believes may reflect market abuse or unfair competition.

The bill would provide that nothing in the act authorizes the imposition of any tax or fee on consumers of petroleum or on petroleum refiners or suppliers. The bill would provide that nothing in the act authorizes or diminishes any authority of the Air Resources Board, the State Energy Resources Conservation and Development Commission, or other regulatory agency to order a petroleum refiner, supplier, marketer, or retailer to produce, sell, or offer for sale a specific fuel.

The bill would require the Secretary of the Business, Transportation and Housing Agency, not later than March 31, 2008, in consultation with the Department of Finance, the Secretary for Environmental Protection, and the commission, to submit recommendations to the Governor and the Legislature regarding alternative revenue sources to supplement or replace lost tax revenue from gasoline and diesel fuel, which may be used to fund state investment in the state's transportation infrastructure, as provided.

The bill would require the secretary to take action intended to influence the United States Congress and Department of Transportation to double the combined fuel economy of cars and light trucks by 2020, including performing analyses and participating in forums that the secretary deems useful. The bill would require all state agencies to cooperate with the secretary concerning this action.

The people of the State of California do enact as follows:

SECTION 1. Chapter 4.7 (commencing with Section 25370) is added to Division 15 of the Public Resources Code, to read:

CHAPTER 4.7. OIL CONSERVATION, EFFICIENCY, AND
ALTERNATIVE FUELS ACT

25370. This section shall be known, and may be cited, as the Oil Conservation, Efficiency, and Alternative Fuels Act.

25371. The Legislature finds and declares all of the following:

(a) California's increasing demand for petroleum and rapidly growing consumption of gasoline and diesel fuel pose substantial risks to the state's economy and environment.

(b) Growing instability in global oil supplies and rapidly increasing demand in China, India, and throughout the world are likely to increase California's vulnerability to oil supply disruptions and sudden price increases.

(c) Aggressive pursuit of energy efficiency and conservation measures and expanded use of renewable energy sources have been shown to help stabilize energy supplies and lower costs to consumers during California's electricity crisis.

(d) California's current and future levels of oil demand and rapidly growing consumption of gasoline and diesel fuel far exceeds California's refinery capacity, which results in limited competition.

(e) Unless the state's rapid rate of growth in oil consumption and rising levels of consumption of imported oil and petroleum products are stabilized and gradually reduced, California is likely to continue to experience price spikes and supply disruptions, which will harm the state's economy and business climate.

(f) Cost-effective options exist today, including alternative fuels and advanced technologies, such as hybrid electric vehicles, which can lessen economic instability caused by high fuel prices and price spikes, while reducing risks to public health and environmental degradation caused by increased consumption of petroleum fuel.

(g) The commission and the State Air Resources Board have determined that improving the fuel efficiency of new vehicles would dramatically reduce petroleum demand and that the efficiency of new cars and light trucks can be improved significantly with existing and emerging automotive technologies.

(h) Reducing the rate of growth in onroad petroleum consumption and increasing transportation energy conservation and efficiency, and the use of alternative fuels are technologically feasible and cost effective public policy objectives, which will create new jobs, economic development, and investment opportunities in alternative fuels and advanced transportation technologies.

(i) The Governor, the Legislature, and state and local agencies should make every effort to reduce the growth in oil demand and increase transportation energy conservation and efficiency, and the use of alternative fuels in California through aggressive public education regarding the environmental and economic risks caused by current and projected petroleum consumption, through sustained commitment and public agency procurement of energy efficiency and alternative transportation fuels, and by promoting the modernization and installation of best available technologies on California's oil refineries.

25372. (a) It is the policy of the State of California that state agencies shall take every cost effective and technologically feasible action needed to reduce the growth of petroleum consumption and to increase transportation energy conservation and efficiency, and the use of alternative fuels in California. State agencies shall take the state's transportation energy goals into account in adopting rules and regulations, including the findings and recommendations of the commission in the most recently adopted Integrated Energy Policy Report.

(b) For purposes of this section, "technologically feasible" means capable of being successfully accomplished taking into account environmental, economic, social, and technological factors.

(c) (1) No later than January 1, 2008, and every third year thereafter, the California Environmental Protection Agency (Cal-EPA), with the assistance and consultation of the State Air Resources Board, the State Energy Resources Conservation and Development Commission, and the South Coast Air Quality Management District shall submit to the Legislature an assessment of the transportation energy conservation, efficiency, and any alternative fuel policies adopted pursuant to subdivision (a).

(2) The assessment required pursuant to paragraph (1) shall include information on the status of adopted policies, the Integrated Energy Policy Report implementation, and alternative fuel fleet procurement and infrastructure funding needs.

(d) Actions taken pursuant to subdivision (a) shall also integrate existing air quality standards, including, but not limited to, standards for particulates, criteria pollutants, toxic air contaminants, and greenhouse gases, to ensure that transportation energy conservation and efficiency strategies and alternative fuels policies are consistent with the attainment and maintenance of state and federal air quality standards.

25373. In adopting or amending rules and regulations to reduce air pollution and toxic air contaminants from motor vehicle fuels, the State Air Resources Board shall, consistent with the policy declaration in subdivision (a) of Section 25372, develop requirements, incentives, and partnerships for publicly administered fleets to purchase and install alternative fuel vehicles and advanced transportation technologies, taking into account life cycle operating costs, public health, and environmental and energy benefits.

25374. The commission shall expand the scope of its oil industry price and supply reporting, monitoring, and analysis to include trends in world oil demand growth, including known and proven oil reserves. The commission shall refer to the Attorney General information which it believes may reflect market abuse or unfair competition.

25375. Nothing in this chapter authorizes the imposition of any tax or fee on consumers of petroleum or on petroleum refiners or suppliers. Nothing in this chapter confers any new authority on, or diminishes any existing authority of, the Air Resources Board, the State Energy Resources Conservation and Development Commission, or other regulatory agency to order a petroleum refiner, supplier, marketer, or retailer to produce, sell, or offer for sale a specific fuel.

SEC. 2. Not later than March 31, 2008, the Secretary of the Business, Transportation and Housing Agency, in consultation with the Department of Finance, the Secretary of the California Environmental Protection Agency, and the State Energy Resources Conservation and Development Commission, shall submit recommendations to the Governor and the Legislature

regarding alternative revenue sources to supplement or replace lost tax revenue from gasoline and diesel fuel, which may be used to fund state investment in the state's transportation infrastructure. In developing the recommendations, the secretaries shall evaluate the economic feasibility of alternative financing measures, the potential to support needed levels of investment in transportation infrastructure, and the impact on social equity and mobility of low-income and disadvantaged citizens. In addition, consideration of those recommendations shall be given to determine the extent to which they are compatible with existing state policies to reduce petroleum consumption, accelerate the deployment of alternative fuels, and achieve air quality standards and global warming targets.

SEC. 3. The Secretary for Environmental Protection shall take action intended to influence the United States Congress and the United States Department of Transportation to double the combined fuel economy of cars and light trucks by 2020. That action shall include, but not be limited to, performing analyses and participating in forums that the secretary deems useful. All state agencies shall cooperate with the secretary concerning this action.

Approved _____, 2006

Governor